



Home Energy Efficiency for Real Estate Professionals



DATE, YEAR

Notes to User / Presenter

- ▶ This document is intended to help you communicate the value of energy information to real estate professionals at time of sale
- ▶ It is meant to be used by organizations that are partnered with the DOE's Home Energy Score program
- ▶ All items in **red** should be customized for your organization and region, then changed to **blue**
- ▶ DELETE THIS SLIDE BEFORE PRESENTING
- ▶ Please don't hesitate to contact us if you have any questions. Thank you!
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This Presentation Covers:

- ▶ The importance of energy efficiency to homebuyers
- ▶ Work being done to help you meet clients' desires for home energy information
- ▶ How to keep up-to-date with home energy labels and ratings for your clients
- ▶ Links to resources for learning more

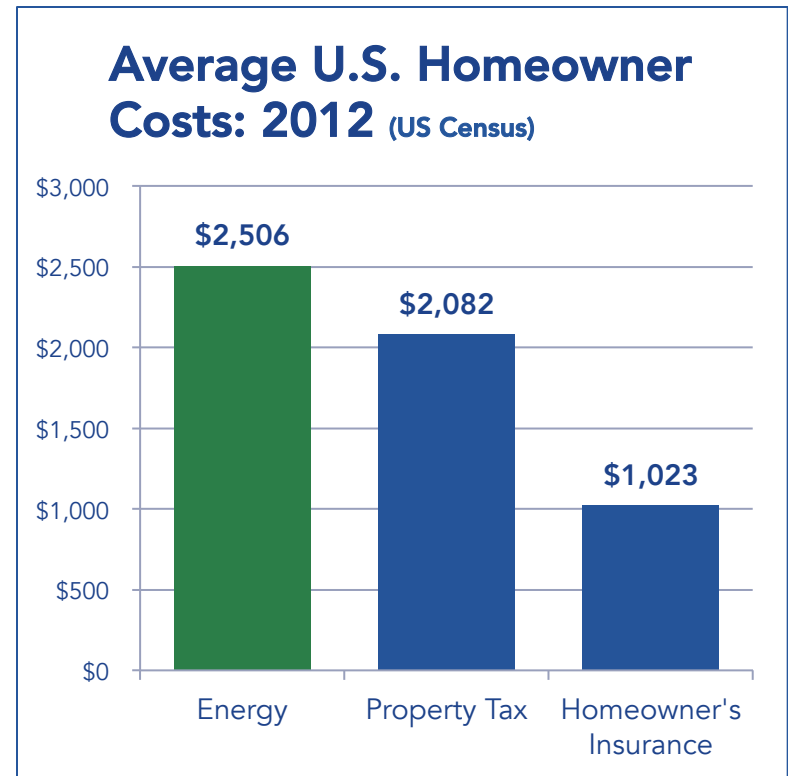


Why Does *Your Organization* Care About Residential Energy Efficiency?

- ▶ *Tell the audience: what stake does your organization have in this?*
- ▶ Improving residential energy efficiency helps to: *(exclude or change the list below as necessary)*
 - ▶ Improve in-home comfort for home owners, buyers, renters
 - ▶ Save families money on energy bills
 - ▶ Reduce wasted energy resources & carbon emissions
 - ▶ Foster growth of energy efficiency jobs in local economy
 - ▶ Stabilize monthly home costs as energy prices change
 - ▶ Mitigate health impacts of homes, including mold, allergens, and pests

Why Do Homeowners & Buyers Care About Energy Efficiency?

- ▶ U.S. Census: Energy costs are higher than property tax & insurance for average U.S. homes
- ▶ NARI Report: Energy improvements are good investments that bring financial relief and “joy”
 - ▶ **Insulation Upgrade**: 61% say greater desire to be home, 95% same or increased sense of enjoyment, and 66% major sense of accomplishment
 - ▶ **HVAC Replacement**: 57% say greater desire to be home, 59% say increased sense of enjoyment, 55% major sense of accomplishment



Sources: National Association of Insurance Commissioners, 2012, Annual Homeowners Insurance Report; National Association of REALTORS® and the National Association of the Remodeling Industry (NARI), 2015

A smiling woman with dark hair, wearing a bright blue V-neck shirt, stands in the foreground. Behind her is a white house with a porch featuring a white railing and a hanging flower basket. The scene is set outdoors with trees in the background.

Buyers need access to energy efficiency information that is credible and easy to understand.

Sellers need tools that can accurately appraise the value of improved energy performance.

Therefore, we need to
bridge the gap between the
energy information clients
want and the real estate
professionals guiding them.

Studies Nationwide Show Energy Efficient Homes Sell for More, Faster

Certified homes sell for 9.6% more⁶

Certified homes sell for 4.2% more & 18 days faster⁶

Certified homes sell for 2.1 to 5.3% more⁹

PACE homes delivered \$199 to \$8,882 in savings above cost of improvements⁷

Homes that disclose energy costs sold 20 days faster⁵

Homes that use "green" fields consistently perform better on market indicators⁸

ENERGY STAR homes sold at \$5,566 premium at \$2.99 per ft² more, & 89 days faster¹⁰

New certified homes sold for 12.9% more, \$13.82 per ft² more, & 42 days faster¹

Homes designated relatively energy efficient sold for an average \$3,416 premium⁴

Certified homes sold for a higher percentage of their asking price & 31 days faster²

Houses with one or more green element sell for 5.9% more²

Sources: ¹Argeris, 2010; ²Cadena & Thomson, 2015; ³Carson Matthews, 2009; ⁴Corgel, Goebel, & Wade, 1982; ⁵Elevate Energy, 2015; ⁶Griffin, 2009; ⁷Goodman & Zhu, 2016; ⁸Institute for Market Transformation, 2015; ⁹Kahn & Kok, 2013;

⁸ ¹⁰Pfleger et al., 2011.

The Research Says: Homebuyers Value Energy Efficiency

Studies Show a Sales Premium of:



2% to 12.9% for designated energy efficient homes ^{1, 2, 3, 7, 12}



\$2.99 to \$13.82 per square foot for every dollar saved on annual electricity bills from efficiency investments ^{1, 5, 10, 15}



\$3,416 to \$8,882 for designated energy efficient homes ^{4, 8, 9, 12, 13, 14, 15}



Designated energy efficient

VS.



Comparable home

Sources: ¹Argeris, 2010; ²Cadena & Thomson, 2015; ³Carson Matthews, 2009; ⁴Corgel, Goebel, & Wade, 1982; ⁵Dinan & Miranowski, 1989; ⁶Elevate Energy, 2015; ⁷Griffin, 2009; ⁸Goodman & Zhu, 2016; ⁹Halvorsen & Pollakowski 1981; ¹⁰Horowitz & Haeri, 1990; ¹¹Institute for Market Transformation, 2015; ¹²Kahn & Kok, 2013; ¹³Laquatra, 1986; ¹⁴Longstreth, 1986;

⁹ ¹⁵Pfleger et al., 2011.

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- \$3,416 to \$8,882 for energy dollar saved on annual electricity bills from efficiency investments ^{4, 8, 9, 12, 13, 14, 15}

**SOLD 18 TO 89
DAYS FASTER**

^{1, 2, 6, 7, 11, 15}

vs.



Designated energy efficient

Comparable home

Sources: ¹Argeris, 2010; ²Cadena & Thomson, 2015; ³Carson Matthews, 2009; ⁴Corgel, Goebel, & Wade, 1982; ⁵Dinan & Miranowski, 1989; ⁶Elevate Energy, 2015; ⁷Griffin, 2009; ⁸Goodman & Zhu, 2016; ⁹Halvorsen & Pollakowski 1981; ¹⁰Horowitz & Haeri, 1990; ¹¹Institute for Market Transformation, 2015; ¹²Kahn & Kok, 2013; ¹³Laquatra, 1986; ¹⁴Longstreth, 1986;

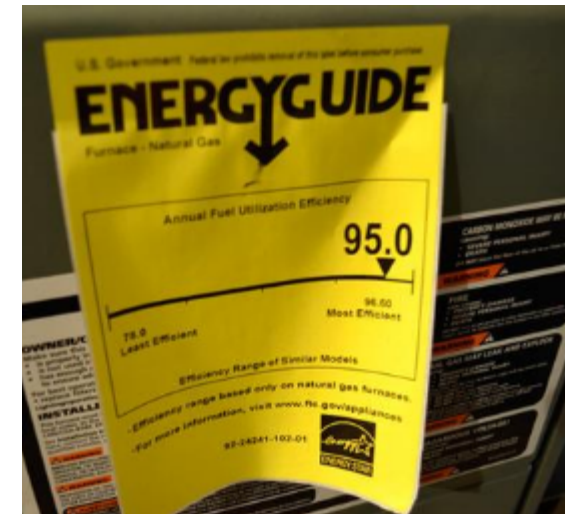
¹⁰ ¹⁵Pfleger et al., 2011.

Preliminary Research Says: Energy Disclosure Can Be A Good Step

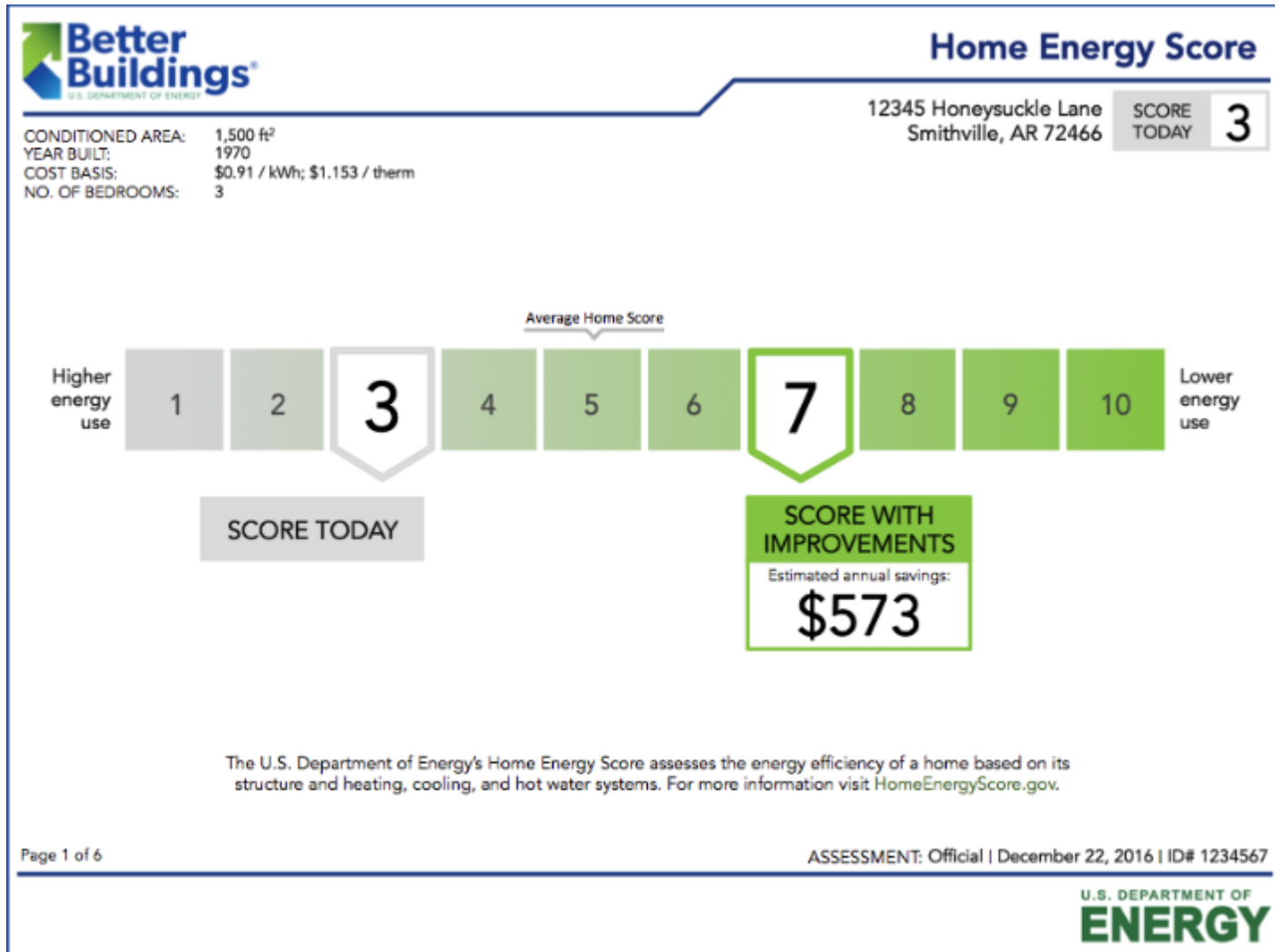
- ▶ Chicago Homes that Disclose Energy Costs Spend Less Time on Real Estate Market (Elevate Energy, 2015)
 - ▶ Homes that **disclose** energy costs: median **43 days** on market; **66% closing rate**
 - ▶ Homes that did **not** disclose: median **63 days** on market; **53% closing rate**
- ▶ Homebuyers appreciate having more information rather than less; poor ratings don't discourage home purchases
 - ▶ This helps them make the most informed decision possible, even if they will need to fix an energy feature of the home
 - ▶ Analysis of European disclosure programs shows, "**ratings do not likely influence home buying decisions in terms of which property to purchase**" (Hill et al., 2016, p. 11)
- ▶ Voluntary disclosure may be a good option for your clients selling their homes

How to Provide Energy Information: DOE's Home Energy Score

- ▶ A “miles-per-gallon” rating for homes
- ▶ Affordable, reliable, & easy way to understand a home's energy performance
- ▶ Third-party verified
- ▶ Any single-family or town-home can get a Home Energy Score
- ▶ Helpful for any of your clients
 - ▶ Shows seller cost-effective investments to improve their home's score before they sell
 - ▶ Lets seller showcase energy improvements they have made to their home at time of sale
 - ▶ Tells potential homebuyer information about a home's energy features

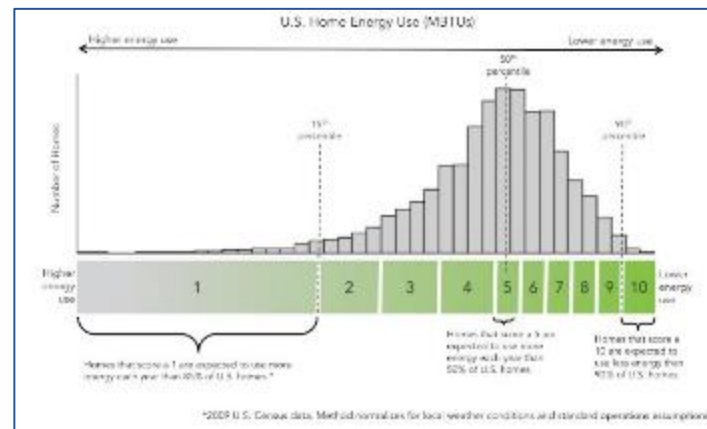
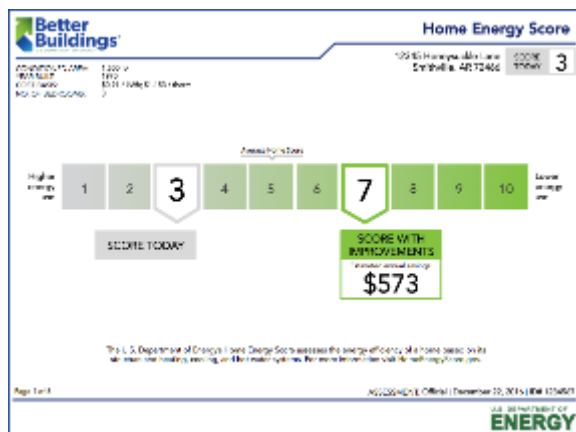


Home Energy Score: A Tool for All Homes



Home Energy Score: What It Means

- ▶ The Score is more useful than looking at prior utility bills
 - ▶ Assumes average weather for that location
 - ▶ Controls for impacts due to occupant behavior by assuming “average” behavior for all homes
- ▶ Score with Improvements:
 - ▶ Reflects how the home will score if cost-effective efficiency improvements are made



- ▶ Score of 1: High energy costs
 - ▶ These homes are expected to use more energy each year than 85% of U.S. homes
- ▶ Score of 5: Average energy costs
 - ▶ Approximately 50 percent of homes in the U.S. use less energy
- ▶ Score of 10: Low energy costs
 - ▶ Homes expected to use less energy than 90% of U.S. homes
 - ▶ Easier to keep living space comfortable

Who Can Provide the Home Energy Score to Clients?

- ▶ Assessors qualified by U.S. DOE
- ▶ *Provide lists / contact information / some way for real estate professionals to appropriately direct their clients to qualified Assessors*
- ▶ *Information on local Home Energy Score Partners that are –*
 - ▶ *Utilities*
 - ▶ *State Programs*
 - ▶ *Home Inspectors*
 - ▶ *& More!*
- ▶ See our list of active Partners at www.HomeEnergyScore.gov

Other “Green Home” Designations, Too!



Home Innovation
NGBS GREEN VERIFIER™



Example: Home Performance with ENERGY STAR Certificate of Completion

- ▶ Proof home underwent energy efficiency upgrades to improve performance
 - ▶ A systematic approach to improving energy efficiency and comfort in homes
 - ▶ Reduces greenhouse gas emissions that contribute to climate change
- ▶ Improvements must be completed by participating contractors
- ▶ Third party verified rather than issued by the contractors completing the work

Home Performance with ENERGY STAR® Certificate of Energy Improvements	
Home Address: <div></div>	Home Performance Improvement: <div></div>
Work Performed By: <div></div>	Additional Information: <div></div>
Work Verified By: <div></div>	
Work Completed On: <div></div>	
Signature: <div></div>	



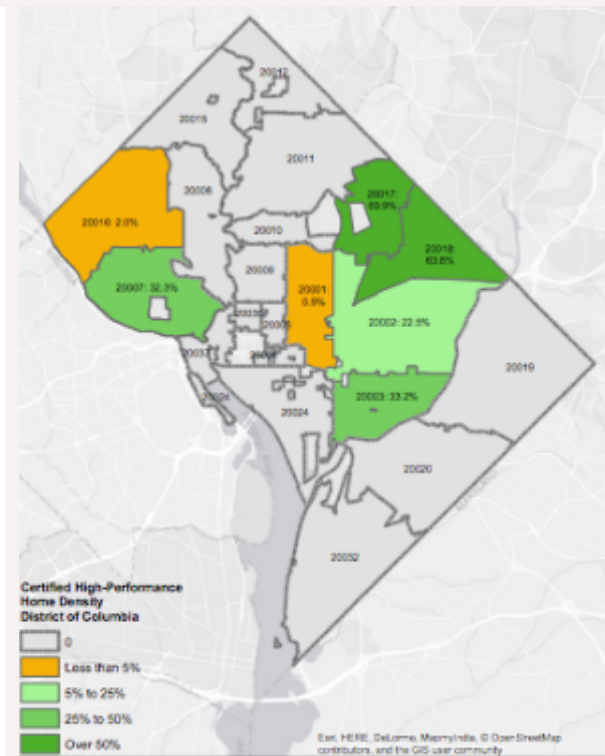
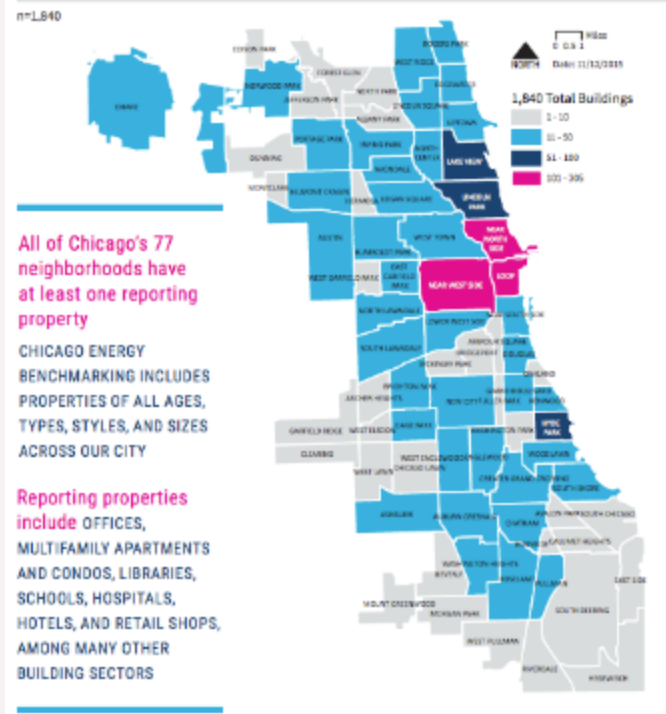
Map of Third-Party Certified Homes in Service Region

► 3rd-party certification reduces risk of real estate liability

Example Maps:

- Show significant & growing uptake in the area
- Provide a map with homes as data points or frequency of homes in the region
- Show that data is reliable and standardized

Figure 5: Reporting Properties by Neighborhood



Green Fields with Home Energy Score Added to MLSs



- ▶ REColorado (Denver, CO)
- ▶ Aspen Glenwood (CO)
- ▶ Cincinnati (OH)
- ▶ MRIS (DC, VA, MD)
- ▶ NEREN (VT, NH)
- ▶ & Others!

Avoid Mislabeling in MLS

- ▶ Keep MLS listing **blank** rather than writing “0” when no green label is relevant
 - ▶ “0” HERS Rating = Perfect Score!
 - ▶ “0” Home Energy Score = Nonsensical / Terrible Score!
- ▶ ENERGY STAR Appliances ≠ Home ENERGY STAR Certification
- ▶ Learn to recognize true and honest labels!



No Green Fields in the MLS?

► Add Home Energy Score or other green label in the comments or "remarks" section

- Simply upload the verifying document from the homeowner as an attachment
- No need to wait for green fields to be available

► Advocate for green field adoption on your MLS

- Ask the MLS to achieve RESO's Silver Certification

		Detached Single LDR: 05/10/2004 LD: 05/10/2004 OMD: CONT DT: 05/15/2004 CLSD DT: ADDRESS: 20W456 WESTMINSTER DRIVE CITY: DOWNERS GROVE DIR: WOODWARD SOUTH OF 87TH STR TO W BLT: 1987 OWN: Fee Simple CRP: UNINCORPORAT MODEL: GRANT RMS: 6 BR: 3 BTH: 2 MBB: N CARS: 2 WF: N Tax: \$2,687 SAS: N PIN: 1006305019		MLS #: 0411102 CTGF: A/I MRKT TIME: 109 LISTING MRKT TI SELLING OFC: SELLING AGT: DIM: 72 X 125		
ASM: GRS: BROMB DIST#: 113 COORDINATES: NORTH: 0		FREQ: Not Applicable JH: OLD QU DIST#: 113 SOUTH: 10		WI: HS: LEMONT DIST#: EAST: 0		
ROOM NAME	SIZE	LEVEL	FLOORING	WIN TRMT	ROOM NAME	SIZE
Living Room:	16X13	Main Level	Hardwood	N	4th Bedroom:	13X9
Dining Room:					UTL:	
Kitchen:	18X11	Main Level	Vinyl	Y		
Family Room:	20X14	Lower	Hardwood	Y		
Master Bedroom:	16X12	2nd Level	Carpet	Y		
2nd Bedroom:	13X10	2nd Level	Carpet	Y		
3rd Bedroom:	11X9	2nd Level	Carpet	Y		
NC: N AGE: 11-25 Years AIR: Central Air AMN: Park/Playground APP: Oven/Range, Microwave, Dishwasher, Washer, Dryer, Disposal ATC: Unfurnished BAS: Crawl, None BAT: Shared Master Bath IN: DRV: Concrete EBC: Circuit Breakers EQP: Humidifier, Ceiling Fan, Sump Pump, Sprinkler-Lawn EX: Brick (BR) FEA: Patio, Storage Shed FND: Concrete FPL: Location-Family Room, Gas Logs GAR: 2.5 Car Garage, Garage Door Opener(s) (Auto) PARK: None, Not Applicable					OD: KIT: Eating Area-Ta HEA: Gas, Forced Air IMPW: Lake Michigan IMPS: Sewer-Public IMPO: Curbs/Gutters, INF: LDS: Landscaped Pri Lot Size: Less Than .2 MAI: None NCO: OTR: POS: Immediate ROF: Asphalt/Glass STY: Bi-Level, Tri-Le TPE: Split Level TRM:	
Remarks: IMMACULATE BRICK HOME, BEAUTIFULLY UP-DATED, EAT-IN-KITCHEN, FIREPLAC LANDSCAPED, SPRINKLER SYSTEM, LRG. PATIO AND HOT TUB, GREAT NEIGHBORHOOD 1 BLO 55 AND I-355 2003 TAXES ONLY \$2700. PLS. SEE SHOWING INSTRUCTIONS FOR CO-ORDIN						
INTERNET LISTING: All				REMARKS INTERNET: Y		
HEM: N				FD: Y		
CC: 2.5% - \$200				LIST: Exclusive Agency		
SHO: CALL 630-854-0883 OWNER PREFERS TO SHOW & NEG.				SCI: Limited Service/Entry Only		
OWNER: AMY MUSCARNERO				AON: N		
BROKER: AMERICAN CAPITAL REALTY INC.				ID#: 15801		
AGENT: PARRY SINGH				ID#: 139347		
CO-LIST:				AAN:		

Financing Options for Energy Efficiency Improvements



HomeStyle® Energy Mortgage Loans

Help Your Clients Choose the Home of Their Dreams

- ▶ Finance up to 15% of “as completed” home value for energy improvements
 - ▶ \$500 incentive to lender on each loan
 - ▶ Pay off existing energy improvement debt (including PACE)
- ▶ Requires a Home Energy Score, HERS report, or comparable locally-supported report
 - ▶ Finance up to \$3,500 in weatherization or water-efficient improvements with no energy report

Additional Loan Opportunities

▶ FHA's "stretch" policy

- ▶ Allows borrowers to qualify for a 2% stretch on debt-to-income ratios for homes that score a 6 or higher, or for improving less efficient homes to that threshold
- ▶ Aligned with Fannie Mae's HomeStyle Energy policy

▶ Property Assessed Clean Energy (PACE)

- ▶ \$2.2 billion financed in California for energy efficiency, renewable energy, and water efficiency
- ▶ Other states looking to adopt
- ▶ Home Energy Score can be used to identify cost-effective measures, provide an objective estimate of savings, and document value after improvements are completed

▶ State & Local Loan and Financing Options

- ▶ *Include local options as applicable*

What Can You Do?

- ▶ Ask sellers if their home has any third-party certifications, and include them on the MLS
 - ▶ Clients with efficient homes can better market its value
 - ▶ Homes certified as “green” sell for more, and faster!
- ▶ Encourage buyers to value energy efficiency in their home purchasing decisions
 - ▶ An energy efficient home is likely to have lower and more stable energy bills, and more comfortable living spaces
 - ▶ Ensure every client gets a beautiful, comfortable, and functional home
- ▶ Encourage all clients to get a Home Energy Score
 - ▶ Improving energy efficiency of homes may qualify for financing & incentives
 - ▶ If desired, list the Home Energy Score on the MLS. Fix it before you list it!
 - ▶ Team up with home inspectors that offer the Home Energy Score
- ▶ Encourage your local MLS to include “green fields”
 - ▶ This will help standardize listing inputs and engage more real estate professionals
 - ▶ Advocate for the MLS to achieve RESO’s Silver Certification, which includes green fields

Learn more! Earn Continuing Education Units (CEUs)

- ▶ This presentation is just the start! Courses are available online and in person, some of which offer Continuing Ed. Units
 - ▶ CEUs are not offered with this presentation
- ▶ InterNACHI:
 - ▶ [Home Energy Score for Real Estate Professionals](#)
- ▶ Earth Advantage:
 - ▶ [Demystifying the Green Home](#)
 - ▶ [Making Savvy Home Energy Upgrades](#)
 - ▶ [Accredited Green Appraiser](#)
- ▶ National Association of Realtors
 - ▶ [NAR Green Day 1&2 Bundle](#)

Thank You!



YOUR NAME

YOUR EMAIL

YOUR PHONE

HomeEnergyScore@ee.doe.gov

Assessor@sra.com

www.HomeEnergyScore.gov

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Resources Informing This Presentation

- ▶ Cadena, Anjelita, & Thomson, Thomas A. (2015). [An Empirical Assessment of the Value of Green in Residential Real Estate](#).
- ▶ [Capturing Energy Efficiency in Residential Real Estate Transactions: Steps that Energy Efficiency Programs Can Take](#)
- ▶ Crawford, Jeremy. (2016). [Home Energy Efficiency Information: Coming to Your MLS by 2018](#).
- ▶ [Fannie Mae HomeStyle Energy Mortgage Loan Real Estate Fact Sheet](#)
- ▶ Goodman, Laurie S., & Zhu, Jun. (2016). [PACE Loans: Does Sale Value Reflect Improvements?](#)
- ▶ Hill, Alex J., et al. (2016). Predicting Home Energy Rating and Disclosure Program Impacts for North American Jurisdictions. ACEEE Summer Study on Energy Efficiency in Buildings.
- ▶ [Home Energy Score for Real Estate Fact Sheet](#)
- ▶ Institute for Market Transformation (IMT). (2015). [Greening the MLS: Bringing High-Performance Homes to Light in the District of Columbia](#).
- ▶ Kahn, Matthew E., Kok, Nils. (2013). The capitalization of green labels in the California housing market. Regional Science and Urban Economics.
- ▶ [National Association of REALTORS® 2015 Remodeling Impact Report](#)
- ▶ Pfleger, W., Perry C., Hurst, N., Tiller, J. (2011). [Market Impacts of ENERGY STAR® Qualification for New Homes](#).
- ▶ U.S. Green Building Council [USGBC]. (2014). [LEED in Motion: Residential](#).
- ▶ [Unlocking the Value of an Energy Efficient Home: A Blueprint to Make Energy Efficiency Improvements Visible in the Real Estate Market](#)
- ▶ White House, 2016. [FACT SHEET: Obama Administration Announces Clean Energy Savings for All Americans Initiative](#).